

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 AF-10 ARA-10 EA-10 NEA-11
SSO-00 INRE-00 ICAE-00 AID-05 CEA-01 CIAE-00
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TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15 L-03
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TO SECSTATE WASHDC IMMEDIATE 1256

INFO USMISSION GENEVA PRIORITY

AMEMBASSY BRUSSELS PRIORITY

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AMEMBASSY VIENNA PRIORITY

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AMEMBASSY BRUSSELS FOR USEEC

AMEMBASSY PARIS FOR USOECD

E.O. 11652: N/A

TAGS: EFIN, ECON, UN

SUBJECT: UN OVERVIEW COMMITTEE - PLENARY MEETING, MAY 8,
AFTERNOON (AGENDA ITEMS 3, 4, AND 5)

SUMMARY: UN COMMITTEE OF THE WHOLE (COW) TOOK UP AGENDA
ITEM 3 (OVERSEEING AND MONITORING NORTH/SOUTH ISSUES),
AGENDA ITEM 4 (PROVIDING IMPETUS FOR RESOLVING DIFFICULTIES)
AND AGENDA ITEM 5 (FUTURE WORK SCHEDULE). COMMON FUND (CF)
AND DEBT RECEIVED MOST OF THE COMMITTEE'S ATTENTION WITH
SOME G-77 PRESSURE FOR COW DECISION TO ACCELERATE INTER-
NATIONAL SCHEDULES FOR HANDLING THESE MATTERS. LDC
PARTICIPATION AT MEETING WAS LIMITED BECAUSE OF SIMUL-
TANEOUS MEETING OF A G-27 DRAFTING GROUP (ON AGENDA ITEM 2)
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WHICH WE UNDERSTAND WAS INCLUSIVE.

1. CHAIRMAN JAZAIRY PROPOSED AGENDA ITEMS 3 AND 4 BE
CONSIDERED TOGETHER, AND THERE WAS NO OBJECTION. AFTER
INTRODUCTION OF FAO SITUATION REPORT, DISCUSSION WAS
LAUNCHED BY LENGTHY STATEMENT BY HUSLID OF NORWAY WHO
CHAIRS UNCTAD'S AD HOC INTERGOVERNMENTAL GROUP (IGG) WHICH

OVERSEES THE INTEGRATED COMMODITY PROGRAM (IPC). HE STATED NAIROBI COMMODITY DECISIONS HAD BEEN TOO OPTIMISTIC ABOUT TIME SCHEDULES. IT NOW CLEAR END 1978 DEADLINE FOR IPC CAN'T BE MET. IPC HAS TWO PILLARS--CF AND INDIVIDUAL COMMODITY AGREEMENTS (ICAS). THERE HAS PROBABLY BEEN TOO MUCH EMPHASIS ON FORMER. IT POSSIBLE WE MIGHT INSTITUTE A CF WITHOUT HAVING ANY ICAS THROUGH WHICH IT COULD FUNCTION. THERE IS RELUCTANCE ON PART OF MEMBERS OF EXISTING ICAS TO BEING BROUGHT UNDER THE CF, AND PROGRESS ON NEGOTIATING NEW ICAS IS VERY SLOW. AMONG REASONS FOR THIS SLOWNESS IS FAILURE IN SOME CASES OF MAJOR PRODUCERS TO EVEN BE PRESENT WHEN THEIR COMMODITY DISCUSSED, AND OVERLY TECHNICAL NATURE OF MEETINGS. HUSLID STATED IGG WILL HAVE MAJOR REVIEW OF SITUATION IN JULY, WITH ALL INDIVIDUAL COMMODITY GROUP CHAIRMEN INVITED TO BE PRESENT. HE URGED GOVERNMENTS TO GIVE PRIORITY ATTENTION TO THIS "HIGHLY IMPORTANT" MEETING, SINCE THERE IS A REAL DANGER IPC MAY BE DROPPED IF THERE IS NOT MORE PROGRESS REASONABLY SOON.

2. VENEZUELA (PEREZ GUERRERO) SUPPORTED HUSLID BUT PUT GREATER EMPHASIS ON CF'S CATALYTIC ROLE. HE ARGUED THAT AGREEMENT ON CF COULD BE REACHED DESPITE SLOW PROGRESS ON INDIVIDUAL COMMODITIES; INDEED "THERE MUST BE AGREEMENT ON CF BY END 1978." ALL PARTIES MUST OPERATE ON ASSUMPTION THERE WILL BE ENOUGH ICAS IN REASONABLE TIME FOR CF TO OPERATE EFFECTIVELY. REFERRING TO SECOND WINDOW, HE LIMITED OFFICIAL USE

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DECLARED PRICE STABILIZATION IS ONLY ONE OF CF'S OBJECTIVES. FINLAND ALSO SUPPORTED HUSLID ON IMPORTANCE OF JULY IGG MEETING WHICH SHOULD BE ACTION ORIENTED AND ATTENDED BY HIGH-LEVEL EXPERTS. YUGOSLAVIA THEN DECLARED THAT GA HAD BEEN DISAPPOINTED BY SLOW PROGRESS ON CF. FOUR MONTHS HAD PASSED SINCE GA RESOLUTION AND NEGOTIATIONS STILL NOT RESUMED. CITING AUSTRALIA, HE STATED THERE WERE SOME POSITIVE DEVELOPMENTS INDICATING THAT DC GOVERNMENTS ARE COMING TO REALIZE NEED FOR DIRECT GOVERNMENT CONTRIBUTIONS AND SECOND WINDOW. SUGGESTED COW AGREE THAT UNCTAD SYG COREA SHOULD INTENSIFY CONSULTATIONS WITH AIM OF RECONVENING NEGOTIATING CONFERENCE AS SOON AS POSSIBLE.

3. US (HORMATS) STATED THAT US TAKES CF VERY SERIOUSLY AND THAT THERE WAS HARDLY ANY OTHER INTERNATIONAL ECONOMIC ISSUE TO WHICH US OFFICIALS HAD DEVOTED AS MUCH TIME AND ATTENTION. NOTED US AGREES ENTIRELY WITH OBJECTIVE OF GREATER PRICE STABILITY. IMPORTANT DIFFERENCES BETWEEN GROUPS REMAIN, HOWEVER, ON NATURE OF CF, AND THE ISSUES ARE BEING DISCUSSED INTENSIVELY. WE ALL WANT TO MOVE TO NEGOTIATIONS WHEN THERE IS A REASONABLE PROSPECT FOR SUCCESS. COREA IS ACTIVELY PURSUING HIS MANDATE, AND COW

COULD ENCOURAGE HIM TO CONTINUE IT BUT WITHOUT UNDUE PRESSURE. EC ALSO EXPRESSED HOPE CONSULTATIONS WOULD ENABLE NEGOTIATIONS TO BE RESUMED ON A FAVORABLE BASIS. AUSTRALIA INTERVENED TO SUGGEST THAT THE COMMUNIQUE OF THE COMMONWEALTH MINISTERIAL MEETING ON THE CF, APRIL 13-14, MIGHT PROVIDE THE KEY TO A SOLUTION (COPIES OF THE COMMUNIQUE DISTRIBUTED MAY 9).

4. YUGOSLAVIA THEN RAISED DEBT ISSUE, ALLEGING THAT WHILE MARCH UNCTAD TDB RESOLUTION HAD SOME POSITIVE ASPECTS, IT HAD "FALLEN SHORT OF EXPECTATIONS," DEALING ONLY WITH THE PROBLEMS OF THE POORER LDCS AND WITH THE FRAMEWORK FOR DEBT REORGANIZATION. SUGGESTED COW URGE DEVELOPED COUNTRIES TO INDICATE AS SOON AS POSSIBLE, AND AT LATEST AT AUGUST TDB, LIMITED OFFICIAL USE

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INFO OCT-01 EUR-12 ISO-00 AF-10 ARA-10 EA-10 NEA-11
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THE MEASURES THEY CONTEMPLATE TAKING TO IMPLEMENT THE TDB RESOLUTION. US, SUPPORTED BY EC, NOTED THAT TDB RESOLUTION HAD CALLED FOR REVIEW AT UNCTAD V IN MAY 1979 AND SUGGESTED IT WOULD BE INAPPROPRIATE TO MODIFY TDB MINISTERIAL RESOLUTION. WHEN HE RETURNED TO COW PLENARY FROM G-27 MEETING, AMB. MILLS (JAMAICA, G-77 SPOKESMAN) SAID YUGOSLAVIA AND NIGERIA (SEE BELOW) HAD BEEN SPEAKING FOR G-77. HE SAID YUGOSLAVIAN PROPOSAL THAT COW REQUEST THE DCS TO INDICATE BY AUGUST 1978 HOW THEY PLAN TO IMPLEMENT THE TDB RESOLUTION WAS THE PROPER EXERCISE OF COW'S FUNDAMENTAL RIGHT TO LOOK INTO THE IMPLEMENTATION OF DECISIONS TAKEN IN OTHER PARTS OF THE UN SYSTEM, BUT HE DID NOT PRESS THIS POINT.

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5. NIGERIA PLUGGED THE TRANSPORT AND COMMUNICATIONS DECADE IN AFRICA AND ASKED RHETORICALLY HOW IT WOULD BE FUNDED. WITHOUT ADDRESSING THE QUESTION OF FUNDS, THE US REP REPEATED HIS SUPPORT (PREVIOUSLY EXPRESSED MAY 5) AND SAID HE HOPED THE COW WOULD ENDORSE THE DECADE.

6. THE FAO REP INTRODUCED HIS ORGANIZATION'S REPORT TO THE COW (AVAILABLE AS CONFERENCE DOCUMENT), CITING ACHIEVEMENTS, SUCH AS THE ESTABLISHMENT OF IFAD, BUT NOTING THAT NOT ALL TARGETS CONCERNING PROVIDING RESOURCES FOR AGRICULTURAL DEVELOPMENT IN THE LDCS HAD BEEN MET. IN HIS SUMMATION, THE CHAIRMAN SUGGESTED THAT COW MIGHT WISH TO COME BACK TO THIS GAP.

7. UNIDO DOCUMENT ALSO BRIEFLY INTRODUCED. DISCUSSION VERY LIMITED, BUT IN HIS SUMMATION CHAIRMAN SAID IT WOULD BE USEFUL TO REFLECT ON HOW COW COULD GIVE IMPETUS TO ACHIEVING AN EARLY RESUMPTION AND SUCCESSFUL CONCLUSION OF THE NEGOTIATIONS TO TURN UNIDO INTO A SPECIALIZED AGENCY.

8. YUGOSLAVIA STATED THAT ALTHOUGH THERE HAD BEEN LITTLE DISCUSSION OF THE CODE OF CONDUCT ON THE TRANSFER OF TECHNOLOGY AND OF RESTRICTIVE BUSINESS PRACTICES, THE G-77 IS PREPARING TEXTS ON THESE ISSUES. ALSO ON THE MTN AND UNIDO (IN ADDITION TO IPC AND DEBT).

9. IN HIS SUMMATION OF ISSUES RAISED UNDER AGENDA ITEMS 3 AND 4, CHAIRMAN JAZAIRY NAMED EIGHT ITEMS: DEBT, IPC, CODE OF CONDUCT ON TRANSFER OF TECHNOLOGY, RBPS, FAO, UNIDO, GATT, AND IMF. HE NOTED TRADE AND MONETARY ISSUES RELATING TO GATT AND IMF HAD BEEN DISCUSSED MONDAY MORNING (UNDER AGENDA ITEM 2), NOT MONDAY AFTERNOON, BUT SAID THEY ALSO CONCERN AGENDA ITEMS 3 AND 4. HE NOTED INFORMAL CONSULTA-

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TIONS ON LANGUAGE RELATED TO GATT AND IMF ISSUES TAKING
PLACE (PRESUMABLY AS PART OF FOLLOW UP TO AGENDA ITEM 2;
SEE SEPTELS).

10. DISCUSSION OF AGENDA ITEM 5 (FUTURE WORK PROGRAM) TOOK
PLACE, BUT FEW CONCLUSIONS REACHED, AND CHAIRMAN RULED THAT
COW WOULD RETURN TO THIS ITEM. MILLS AND MEXICO SUPPORTED
POSSIBILITY OF HAVING "UNSCHEDULED" MEETINGS. US AND EC
SET FORTH REASONS WHY SUCH MEETINGS NOT NEEDED OR
DESIRABLE. YOUNG

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